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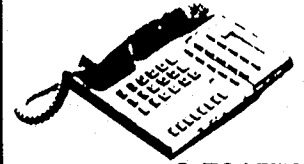
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DECEMBER 14, 1989

EXCLUSIVE

KENG FONG SIN KEE'S \$HK600,000 GRATUITY PAYMENT ALLEGEDLY MADE TO 'WRONG WOMAN'

The Securities and Futures Commission (SFC) is expected to be asked to look into the financial affairs of publicly listed Keng Fong Sin Kee Construction and Investment Company Ltd.

The request will be made by Madam Huang Lih Ju, purportedly the legal widow of the late Mr Kong Tak Yan, deceased Chairman of Keng Fong Sin Kee.

'I will go to the Securities and Futures Commission and the Commercial Crime Bureau', Ms Huang told TARGET today.

Ms Huang is furious at a particular entry in the 1989 Annual Report of Keng Fong Sin Kee: Page 17 of the 1989 Annual Report states that a gratuity payment amounting to \$HK600,000 was paid to a certain Director's widow.

According to a letter from Y.T.Chan and Company, solicitors firm for Keng Fong Sin Kee, the Director in question was the late Mr Kong Tak Yan (please see the attached letter dated December 5, 1989).

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Ms Huang told TARGET that she was not the recipient of the money and alleged that the 1989 Annual Report was misleading.

'The money has gone to another woman', Ms Huang said, adding that a Ms Wong Chea Jun was the woman in question claiming that Ms Wong was merely a mistress of her late husband.

Ms Huang further alleged that her divorce proceedings against Mr Kong Tak Yan were filed in 1984, but remained uncompleted at the time of Mr Kong Tak Yan's death (March 1988). As such, according to Ms Huang, she should be regarded as the lawful widow of Mr Kong Tak Yan.

'They (Keng Fong Sin Kee's Board of Directors) should be held accountable for spending the Company's money, so extravagantly', money should not be given away to anybody as they please', Ms Huang protested.

Despite this charge made by Ms Huang, it would appear that Ms Huang would not consider the money to have been spent extravagantly, if she had been the lucky recipient.

'I am entitled to the money', Ms Huang said.

To this end, Ms Huang said she would exploit every possible means to 'recover' the sum of \$HK600,000.

According to Ms Huang, she was not among the beneficiaries of the late Mr Kong Tak Yan's will.

'I come from a rich family in Taiwan, I don't really care about money', Ms Huang told TARGET in concluding the conversation.

It should be noted that Ms Huang has sued her husband on many occasions. In late 1986, Ms Huang sued Mr Kong Tak Yan for the repayment of a debt of \$HK900,000. Ms Huang won the High Court Action, but was described by Mr Justice Sears as being: 'A vicious woman whose main purpose in life was to make and keep money.'

ow nst WSK/mc

Bernard Wong & Co.,
Solicitors,
Rooms 1101-4 Takshing House,
11th Floor,
20, Des Voeux Road Central,
Hong Kong.

Y. T. CHAN & CO.,
SOLICITORS & NOTARIES
Agents for Trade Marks and Patents

Dear Sirs,

26552

We refer to your letter dated 23rd November 1989 upon which we have taken our client's instructions.

The Board of Directors of Keng Fong Sin Kee Construction & Investment Company Limited exercised their discretion and approved and paid to Madam Wong Chea Jun a gratuity of HK\$600,000.00 to her as a named dependant and widow of the late Kong Tak Yan. Your client was never the named person intended by the Board to be the recipient of the gratuity. It was a non-contractual payment and was given at the sole discretion of the Board. We trust the position is now clear and requires no further answer.

Yours faithfully,

WSK/mc

c.c. Client

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KENG FONG SIN KEE CONSTRUCTION: WHAT'S UP, DOC? TAKEOVER, MAYBE?

A takeover is believed to be imminent for publicly listed Keng Fong Sin Kee Construction and Investment Company Ltd.

The Company, once run by the late Mr Kong Tak Yan, appears to have rid itself of most of its fixed assets, and the present Board of Directors is believed to have something up its sleeve.

TARGET's sources have reported that there are plans in the offing, but they are being kept under wraps until a suitable moment for an announcement.

The Company seems primed for a takeover: It has now cleared away most of its debts, got rid of fixed assets, and is now sitting on a pile of cash.

In January 1987, the Company looked as if it were in financial difficulties. It suffered an Operating Loss of \$HK41.22 million on a Turnover of \$HK59.90 million for the Year ended March 31, 1986, and the Directors admitted at that time that as a going concern the Group was dependent upon the support of its bankers.

TARGET's analysts concluded that a major overhaul was necessary if the Group were to generate sufficient funds to satisfy its bankers and its day-to-day operational needs. Then, in May last year, the Company sold off what could have been described as the 'family jewels' when it agreed to sell the Tak Yan Commercial Building to Admiral Equities Ltd for \$HK54.50 million.

As mentioned in the Company's Annual Report for the Year ended March 31, 1988, the Company has been selling off what have been described as its non-income producing assets, including the recent sale of its shares in S.Megga Telecommunications Ltd.

As at the Balance Sheet date, Shareholders Funds amounted to \$HK48.42 million, most of which was cash.

The Company's liquid position was described by the new Chairman in the 1988 Annual Report as putting the Company in a 'healthy position to seek new income-producing investment opportunities.'

For the Year, on a Turnover of \$HK17.68 million, Keng Fong Sin Kee announced an Operating Loss, before Exceptional Items, of \$HK3.62 million.

This became an Attributable Profit of \$HK13.18 million, following the inclusion of an Exceptional Item of \$HK16.59 million.

The Balance Sheet did not include the Group's share of the Results of S.Megga, a point which was mentioned by the Group's accountants, Ronald and Company.

The Company's Board of Directors now consists entirely of members of the Kong Family, with the son-in-law of the old Chairman now heading the Board.

TARGET contacted the son-in-law, Mr Johnny Lee, and asked what was happening to the Company.

'I can not answer that question,' he said. 'There are plans afoot, but they are becoming more and more sensitive, so I can say nothing at the moment.'

* * *

PROPERTY ROUND ROUND UP: ULTRAVAGANZA BUYS WONG NAI CHUNG ROAD PROPERTY

Ultravaganza Investment Company Ltd, once part of the Keng Fong Sin Kee group, has bought Number 79, Wong Nai Chung Road (formerly known as Number 77 A Wong Ngai Chung Road) from Quite Good Investment Ltd at a price of \$HK12 million.

An official at Quite Good Investment Ltd refused to divulge any details of the sale, saying only: 'No sale nor lease for this address now,' and then promptly hanging up the phone. In early 1987, Ultravaganza was wholly owned by publicly-listed Keng Fong Sin Kee Construction and Investment Company Ltd.

Keng Fong Sin Kee told TARGET that the Company owns no property at Number 79, Wong Nai Chung Road.

An official of the Company said it had sold its subsidiary company (Ultravaganza) a year ago. The official was, however, unwilling to disclose the name of the buyer.

Ultravaganza was once owned by a consortium of several firms and individuals. The name of Mr. Ronald Li Fook Shui, former chairman of the stock exchange of Hong Kong, could also be found at one time on the list of shareholders.

Later, Ultravaganza was sold to Keng Fong Sin Lee. According to Keng Fong Sin Kee's Annual Report for the Financial year ended March 31, 1988, the Loss on disposal of subsidiaries was HK\$971,540.

The Annual Report also states that Keng Fong Sin Kee had sold its shares in the electronic company S. Megga Telecommunications Ltd.

These two sales indicate the continuing disposal of Keng Fong Sin Kee's subsidiaries.

Ka Wah Bank Makes Internal Transfer:

Oct 11 88

In other property news, Ka Wah Bank Ltd has bought 14 storeys (including the basement floor) in Ka Wah Bank Centre for \$HK71 million, in what is believed to be an internal transfer.

Ka Wah bought the property from Glory China Development Ltd.

. Ka Wah official said Glory China is a subsidiary of the bank, but he was not sure what percentage of Glory China the Bank owns.

. source from Ka Wah Bank (Trustee) Ltd, a subsidiary of the bank, told TARGET: 'We are still expanding our offices and don't know how much space will be taken totally in the expansion.'

'We have been the owner of the building for a long time. Formerly, we used another name as the legal title. Recently, we

reverted the Ka Wah Bank as legal title.

'We rent out some of the units and we still have leases with some of the tenants there, and they are still running their businesses in the building.'

Ka Wah Bank Centre is situated at Number 232, Des Vouex Road, Central.

The building has 22 storeys and each floor is approximately 1,997 square feet in size.

The building rents for approximately HK\$16 per square foot.

* * *